CATTLE MARKETING DEDUCTIONS FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2009

Provincial Auditor Saskatchewan

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SASKATCHEWAN

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Cattle Marketing Deductions Fund as at March 31, 2009 and the statements of revenues, expenses and changes in net financial assets, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
June 2, 2009

Fred Wendel, CMA, CA
Provincial Auditor

CATTLE MARKETING DEDUCTIONS FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	Provincial Account		National Account		Federal Levies Account				Total	
					Provincial Federal Levies		National Federal Levies			
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Financial Assets										
Due from General Revenue Fund (Note 7)	$ 5,844,834	$ 5,553,960	$ 387,676	$ 376,193	$ 25,557	$ 34,218	$ 26,909	$ 36,006	$ 6,284,976	$ 6,000,377
Accounts receivable	221,138	228,854	193,288	205,865	9,606	11,669	10,098	12,290	434,130	458,678
Accrued interest receivable	16,307	54,566	—	—	—	—	—	—	16,307	54,566
	6,082,279	5,837,380	580,964	582,058	35,163	45,887	37,007	48,296	6,735,413	6,513,621
Liabilities										
Grants payable	168,241	181,750	—	—	—	—	—	—	168,241	181,750
Accounts payable	69,449	44,810	387,676	376,193	25,557	34,218	26,909	36,006	509,591	491,227
	237,690	226,560	387,676	376,193	$ 25,557	34,218	26,909	36,006	677,832	672,977
Net financial assets (Statement 2)	$ 5,844,589	$ 5,610,820	$ 193,288	$ 205,865	$ 9,606	$ 11,669	$ 10,098	$ 12,290	$ 6,057,581	$ 5,840,644

(See accompanying notes to the financial statements)

CATTLE MARKETING DEDUCTIONS FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET FINANCIAL ASSETS
For the Year Ended March 31

	Budget	Provincial Account		National Account		Federal Levies Account				Total	
						Provincial Federal Levies		National Federal Levies			
	2009 (Note 5)	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Revenues											
Deductions (Note 1)	$ 1,400,000	$ 1,797,696	$ 1,844,409	$ 1,616,746	$ 1,492,205	$ 117,956	$ 115,887	$ 117,971	$ 115,887	$ 3,650,369	$ 3,368,388
Less: Commissions	(42,000)	(46,639)	(42,777)	—	—	(3,537)	(3,418)	—	—	(50,176)	(46,195)
Refund of deductions	(110,000)	(122,535)	(105,933)	—	—	—	—	—	—	(122,535)	(105,933)
Administration fee	—	—	—	—	—	(2,295)	(2,318)	—	—	(2,295)	(2,318)
Net deductions	1,248,000	1,628,522	1,495,699	1,616,746	1,492,205	112,124	110,151	117,971	115,887	3,475,363	3,213,942
Interest (Note 7)	220,000	115,279	238,857	—	—	—	—	—	—	115,279	238,857
Other revenue	—	429	—	—	—	—	—	—	—	429	—
Total revenue	1,468,000	1,744,230	1,734,556	1,616,746	1,492,205	112,124	110,151	117,971	115,887	3,591,071	3,452,799
Expenses											
Grants	1,437,500	1,474,900	1,749,287	1,629,323	1,543,838	—	—	—	—	3,104,223	3,293,125
Administration (Note 3)	25,500	25,929	25,120	—	—	—	—	—	—	25,929	25,120
Advisory committee honoraria and travel	5,000	9,632	4,764	—	—	—	—	—	—	9,632	4,764
Transfers	—	—	—	—	—	114,187	114,796	120,163	120,774	234,350	235,570
Other	—	—	462	—	39	—	283	—	298	—	1,082
Total expenses	1,468,000	1,510,461	1,779,633	1,629,323	1,543,877	114,187	115,079	120,163	121,072	3,374,134	3,559,661
Surplus (deficit) for the year	$ —	233,769	(45,077)	(12,577)	(51,672)	(2,063)	(4,928)	(2,192)	(5,185)	216,937	(106,862)
Net financial assets, beginning of year		5,610,820	5,655,897	205,865	257,537	11,669	16,597	12,290	17,475	5,840,644	5,947,506
Net financial assets, end of year (Statement 1)		$ 5,844,589	$ 5,610,820	$ 193,288	$ 205,865	$ 9,606	$ 11,669	$ 10,098	$ 12,290	$ 6,057,581	$ 5,840,644

(See accompanying notes to the financial statements)

CATTLE MARKETING DEDUCTIONS FUND
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	2009	2008
Cash flows from (used in) operating activities:		
Receipts from deductions	$ 3,622,415	$ 3,418,506
Interest received	153,538	248,214
Miscellaneous revenue	461	---
Grant refund received	---	90,712
Payments to suppliers	(35,561)	(30,310)
Grant/Transfer payments	(3,333,719)	(3,609,748)
Refunds paid	(122,535)	(80,625)
Cash flows from operating activities	284,599	36,749
Net increase in cash and cash equivalents	284,599	36,749
Due from General Revenue Fund, beginning of year	6,000,377	5,963,628
Due from General Revenue Fund, end of year	$ 6,284,976	$ 6,000,377

(See accompanying notes to the financial statements)

CATTLE MARKETING DEDUCTIONS FUND
NOTES TO THE FINANCIAL STATEMENTS
As at March 31, 2009

1. Legislative Authority

The Cattle Marketing Deductions Fund (Fund) continues under *The Cattle Marketing Deductions Act, 1998* (Act). The Act established two accounts, the Provincial Account and the National Account in 1998. In 2005, amendments to the Act were proclaimed to recognize the Canadian Beef Cattle Research, Market Development and Promotion Agency (Agency) as the promotion-research agency and to set up a Federal Levies Account. The Province of Saskatchewan signed both an agency and a services agreement with the Agency to support the collection and remittance of funds from the National Account and the Federal Levies Account. These agreements also allow the Agency to return Saskatchewan's provincial portion of the federal levies collected in other provinces, which are deposited in the Provincial Account. These changes became effective in Saskatchewan on August 1, 2005.

The purpose of the Provincial Account is to fund programs, projects, and policies related to the development, improvement and promotion of the cattle industry and to pay expenses incurred in the administration of the Act.

The purpose of the National Account is to provide funds, under a services agreement, to the Agency established pursuant to the *Farm Products Agencies Act* (Canada) for the development, expansion, and promotion of the cattle industry. Until July 31, 2005, the Act also allowed the Minister of Agriculture (Minister) to provide grants for promotion and research, through negotiated agreements, to organizations that represented the national interests of the cattle industry.

The purpose of the Federal Levies Account is for depositing levies imposed pursuant to a federal levies order and allowing those levies to be remitted to the Agency per the agency agreement. Dealer commissions of $0.03 per head and administration fees of $0.02 per head are deducted from remittances to the Agency.

The Fund has an Advisory Committee, appointed by the Minister that approves all grant payments.

Pursuant to section 3 of *The Cattle Marketing Deductions Regulations, 2004*, $2.00 per head is to be deducted or collected for each head of cattle sold. A livestock dealer that makes the deduction receives a commission of $0.03 per head. The National Account receives $1.00 a head without any deduction for the dealer's commission.

Section 12 of the Act provides for the refund of deductions received by the Provincial Account only. Any person may claim a refund of deductions for a calendar year by filing a claim by January 31 of the following year.

2. Significant Accounting Policies

Pursuant to standards established by the Public Sector Accounting Board, the Fund is classified as an other government organization. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to the public sector and include the following significant accounting policies:

a) Revenue

Deductions revenue and related commissions are recognized when the cattle are sold.

Refunds of deductions are recognized when the refund application is approved by the Ministry of Agriculture.

b) Grants

Grants are expensed when approved and eligibility criteria, if any, have been met by the recipient.

c) Grant refunds

Occasionally, grant recipients voluntarily return unused grant funds. Grant refunds are recorded as revenue when they are received.

d) Use of estimates

These statements are prepared in accordance with generally accepted accounting principles as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Differences are reflected in current operations when identified.

3. Related Party Transactions

These financial statements include transactions with related parties. The Fund is related to all Saskatchewan Crown agencies such as ministries, corporations, agencies, boards and commissions under common control of the Government of Saskatchewan. Also, the Fund is related to non-Crown agencies that the Government jointly controls or significantly influences.

The Fund made grants totalling $371,000 (2008 - $386,180) to the University of Saskatchewan.

The Livestock Services Revolving Fund provided administrative services to the Fund for an annual fee of $25,000 (2008 - $25,000).

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

4. Commitments

At year-end, the Fund's Advisory Committee had approved grants from the Provincial Account totalling $3,164,747 (2008 - $1,678,629) for projects of the following years.

2010	$1,821,727
2011	$ 236,440
2012	$ 220,190
2013	$ 169,080
2014	$ 173,090
2015	$ 177,215
2016	$ 181,465
2017	$ 185,540

Included in these amounts is $306,000 committed to the University of Saskatchewan for 2010.

Also, the Fund is committed to pay any monies in the National Account to the Canadian Beef Cattle Research, Market Development and Promotion Agency.

5. Budget

The Advisory Committee approved the 2009 budget for the Provincial Account on January 18, 2008.

6. Financial Instruments

Accounts receivable, accrued interest receivable, grants payable, and accounts payable are non-interest bearing and are due or payable within the next year. Due to this short-term maturity, the fair values of these instruments approximate their carrying value.

The Fund is exposed to credit risk from potential non-payment of account receivable. However, most of the receivables were collected shortly after year-end, reducing its credit risk.

7. Due from General Revenue Fund

The Fund's money is held in the General Revenue Fund. Interest is calculated on the Fund's daily balance using the Government's thirty-day borrowing rate and is credited to the Provincial Account on a quarterly basis. The Government's average thirty-day borrowing rate for 2009 was 1.95% (2008 – 4.08%).

CATTLE MARKETING DEDUCTIONS FUND
DETAILED LIST OF EXPENSES (UNAUDITED)
For the Year Ended March 31

	2009	2008
Personal Services		
Payees under $50,000	$ 2,620	$ 1,355
Travel		
Other	7,012	3,409
Grants		
Canadian Cattlemen's Association:		
Operating Expenses	548,570	487,540
refund of previous year grant	---	(31,517)
University of Saskatchewan:		
Veterinary Infectious Disease Organization	250,000	250,000
Project Funding	121,000	136,180
Western Beef Development Centre	20,000	48,000
Deep South Animal Clinic Ltd.	---	6,750
Canadian Beef Cattle Research, Market Development and Promotion Agency	1,863,673	1,779,408
Semiarid Prairie Agricultural Research Centre	30,000	30,000
Farm Animal Council of Saskatchewan	25,000	22,000
Saskatchewan Cattle Feeders' Association	249,780	527,822
Saskatchewan Stock Growers' Association	175,550	248,452
Saskatchewan Society for Prevention of Cruelty to Animals	---	32,000
Saskatchewan Forage Council	15,000	15,000
Saskatchewan Beef Quality Starts Here Program	---	67,772
Saskatoon Prairieland Park	20,000	---
CTV	20,000	---
Saskatchewan Stock Growers' Association – refund of previous year grant	---	(90,712)
	3,338,573	3,528,695
Supplier Payments		
Payees under $50,000	25,929	26,202
Total	$ 3,374,134	$ 3,559,661